

ORDER NO. 3431

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Tony Hammond

Competitive Product Prices  
Priority Mail Contract 129  
(MC2015-62)  
Negotiated Service Agreement

Docket No. CP2015-93

ORDER APPROVING AMENDMENT TO PRIORITY MAIL  
CONTRACT 129 NEGOTIATED SERVICE AGREEMENT

(Issued July 15, 2016)

I. INTRODUCTION

The Postal Service seeks to amend the terms of Priority Mail Contract 129.<sup>1</sup> The Commission approves the Amendment.

In Order No. 2582, the Commission approved the Priority Mail Contract 129 negotiated service agreement (Existing Agreement).<sup>2</sup> On July 14, 2016, the Postal

---

<sup>1</sup> Notice of United States Postal Service of Amendment to Priority Mail Contract 129, with Portions Filed Under Seal, July 14, 2016 (Notice). The amendment is an attachment to the Notice (Amendment).

<sup>2</sup> See Docket Nos. MC2015-62 and CP2015-93, Order Adding Priority Mail Contract 129 to the Competitive Product List, July 14, 2015 (Order No. 2582).

Service filed notice that it has agreed to the Amendment to the Existing Agreement. The Amendment makes changes to section I.G. of the Existing Agreement. See Notice, Attachment A at 1. That section governs annual adjustments to contract prices. *Id.* In all other respects, the Existing Agreement remains unchanged. *Id.* The Notice states that the Amendment will not materially affect the Existing Agreement's cost coverage. Notice at 1. The Postal Service intends for the Amendment to become effective two business days following the day the Commission completes its review of the filing. *Id.*

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment does not appear to materially affect the cost coverage or compliance with existing regulatory requirements for the Existing Agreement. The Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* The Postal Service states that the Amendment shall become effective two business days after the day that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is to expire three years from the initial effective date unless, among other things, either party terminates the

contract with 30 days' written notice to the other party or it is renewed by mutual agreement.<sup>3</sup>

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Contract 129 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Ruth Ann Abrams  
Acting Secretary

---

<sup>3</sup> See Order No. 2582 at 5. Should both parties agree to renew the agreement, any such renewal is required to follow the requirements of 39 U.S.C. § 3633 and the Commission's implementing regulations of 39 C.F.R. part 3015.